

# **Summary Schedule of Prior Audit Findings**

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The 2000 Statewide Single Audit Report

## Summary Schedule of Prior Audit Findings Contents

The State of Texas .....	87
Alcohol and Drug Abuse, Commission on .....	88
Attorney General, Office of the.....	93
Education Agency, Texas.....	94
Health and Human Services Commission .....	98
Health, Department of .....	98
Housing and Community Affairs, Department of.....	99
Human Services, Department of .....	101
Lamar University.....	103
Mental Health and Mental Retardation-Central Office, Department of .....	104
Natural Resource Conservation Commission, Texas.....	105
Protective and Regulatory Services, Department of .....	105
Sul Ross State University .....	108
Texas A&M International University.....	108
Texas A&M University - Corpus Christi.....	109
Texas A&M University - Kingsville .....	109
Texas Agricultural Experiment Station .....	112
Texas Engineering Experiment Station .....	114
Texas Southern University .....	114
University of Houston - Clear Lake .....	119
The University of Texas at Brownsville .....	119
The University of Texas at El Paso .....	120
The University of Texas at San Antonio.....	123
The University of Texas Health Science Center at San Antonio .....	125
The University of Texas Medical Branch at Galveston.....	125
The University of Texas M.D. Anderson Cancer Center .....	126
Workforce Commission, Texas.....	127

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Federal regulations (*Office of Management and Budget Circular A-133*) state that “the auditee is responsible for follow-up and corrective action on all audit findings.” As part of this responsibility, the auditee reports the corrective action it has taken for the following:

- Each finding in the 1999 Schedule of Findings and Questioned Costs
- Each finding in the 1999 Summary Schedule of Prior Audit Findings that was not identified as implemented or reissued as a current year finding

The Summary Schedule of Prior Audit Findings (year ended August 31, 2000) has been prepared to address these responsibilities.

## The State of Texas

Reference No. 00-555-50

### Comply With Requirements Regarding the Reporting of Enrollment Changes in the Federal Family Education Loans Program for the State of Texas

(Prior Audit Issue – 99-555-97)

The State of Texas continues to be in material noncompliance with the federal requirement of reporting enrollment changes in the *Federal Family Education Loans* program. Current audit results indicate that enrollment changes continue to be a problem at many universities. Continued noncompliance by universities with this requirement may result in delayed repayment of federal loans.

Initial Year Written:	1998
Status:	Other
U.S. Department of Education	

#### Corrective Action:

#### Enrollment Change Summary

Total estimated interest charges for the reporting of enrollment changes under the *Federal Family Education Loan* (FFEL) and the *Federal Direct Loan* (FDL) programs for fiscal year 2000 are \$1,350,137. Total expenditures for the FFEL and FDL Program for fiscal year 2000 were \$910,239,126.89 and \$57,239,056.79, respectively. The estimated interest charges represent 0.11 percent of total Student Financial Aid (SFA) Cluster expenditures and 0.14 percent of total FFEL and FDL expenditures for fiscal year 2000. In addition, the cost to the federal government is actually less because you cannot determine what part of the loan proceeds were for subsidized and/or unsubsidized loans without reviewing each student’s certified loan, since the federal government only pays the interest on the subsidized loans. If the status change was not reported, then the default date would be the graduation date of the student. Note: The interest charges were calculated based on the annual percentage rate of 8.19 percent, which was provided in the *SFA Handbook*.

An enrollment change occurs when a student graduates, withdraws, drops classes or is expelled. Federal regulations require an institution to report enrollment changes to the guaranty agency or the U.S. Department of Education within 60 days. If the institution does not expect to report enrollment changes on the Student Status Confirmation Report (SSCR) within the next 60 days, that institution is required to notify the guarantor or lender within 30 days.

The following entities had enrollment change findings for fiscal year 2000:

- The University of Texas at Arlington (See Reference No. 01-555-7.)
- Southwest Texas State University (See Reference No. 01-555-5.)
- Texas Woman’s University (See Reference No. 01-555-2.)
- The University of North Texas Health Science Center (See Related Reports Appendix.)

- The University of Texas at Brownsville (See Reference No. 01-555-13.)
- Texas Southern University (See Reference No. 01-555-12.)
- Sul Ross State University (See Reference No. 01-555-6.)
- The University of Texas Health Science Center at San Antonio (See Related Reports Appendix.)

## Commission on Alcohol and Drug Abuse

Reference No. 00-555-52

### Improve Monitoring of Subrecipients

(Prior Audit Issue - 99-555-31, 99-555-33, 98-323-01)

#### CFDA 93.959 - Block Grants for Prevention and Treatment of Substance Abuse

A material weakness continued to exist in controls over the Commission on Alcohol and Drug Abuse's (Commission) monitoring of subrecipients. The Commission addressed some of the issues we identified last year by making improvements in the areas of closeouts, risk assessment, and single audit desk reviews.

Initial Year Written: 1997  
Status: Partially Implemented

U.S. Department of Health  
and Human Services

However, due to lax enforcement of existing controls and inadequate processes, the risk remained high that the Commission would not detect subrecipients not in compliance with federal requirements in a timely manner. The Commission paid \$129 million in federal block grant funds to over 200 subrecipients in fiscal year 1999. Weak processes and controls over monitoring significantly impact the Commission's ability to ensure that federal awards are used for authorized purposes, that performance goals are achieved, and that unallowable expenses are recovered as required under *OMB Circular A-133* Subpart D, Section 400 (d)(3). Furthermore, these weaknesses may have limited the Commission's ability to identify and recover unallowable costs and excess payments.

This finding was reissued as current year reference number: 01-555-20.

#### Corrective Action:

*HIGH RISK: A high-risk policy was adopted on June 2, 2000. The policy provides clarification of the various criteria referenced in UGMS for determining providers that should be placed on high-risk status. Contract oversight teams, led by Project Officers, meet regularly to discuss the high-risk providers and other providers that may be considered for high-risk designation.*

*The high-risk policy was sent to the State Auditor's Office on June 5, 2000 for review and comment. A statement was also included to explain that any changes recommended by SAO would be incorporated to the policy. No feedback has been received, to date.*

*Policy Implemented: June 2, 2000*

*Responsible Person: Deputies for Finance & Administration and Licensing & Enforcement*

*Move to Unit Cost: In the FY 2001 contracts, subcontractors who were on unit cost/cost reimbursement have been moved to a unit rate payment methodology.*

*There is also a three-part rate study in process, supported by federal technical assistance funds from SAMSHA, that will be complete in late fall 2000. The results of the study will be used to analyze TCADA's current rates and changes will be made, as deemed appropriate. Rate changes, if any, will be effective in the FY 2002 contracts.*

*The transition of some providers from financial assistance to unit rate is still under review. Due to the nature and extent of improvements made in the FY 2001 contracting process, an executive decision was made to continue with the current payment methodologies at the inception of the FY 2001 contract year. Actions steps are planned between August 31, 2000 and December 31, 2000 to establish specific criteria regarding financial assistance and waivers. Specific criteria will be identified to determine the need for certain contracts that purchase capacity in order to make services available where they would otherwise not be developed. The criteria will specifically apply to subcontractors who are on cost reimbursements in the FY 2001 contracts. Based on an evaluation subcontractors could be granted a waiver to August 31, 2001 with a move to unit rate in the FY 2002 contracts. Another possibility is that TCADA recognizes that the subcontractor serves an area that must purchase capacity in order to provide needed services. In this case, TCADA will allow the subcontractor to request cost reimbursement each year (unit rate must be waived on an annual basis).*

*Partially Implemented - As of 8/28/00; unit rate study continues; review of requests for working capital advances not completed*

*Responsible Person: Deputies for Finance & Administration and Licensing & Enforcement*

*Financial Oversight: A contract fiscal oversight unit has been staffed and placed in the Analysis and Reporting Division. The unit is charged with oversight of subcontractor fiscal reporting. Subcontractors have also been notified of additional reporting requirements that would enable the Agency to monitor expenditures and use of funds more efficiently. Subcontractors are required to report budgets and expenditures by program. Expenditures will be reported monthly beginning in FY 2001. Subcontractors who are delinquent in reporting will be placed on delayed payment until reports are received. There will be a two month transitional phase to alert providers of the consequences of delinquency.*

*Performance reporting will also be required monthly and matched against the expenditure reports. Quarterly FSRs will also be required. Program match and program income will have to be reported at that time.*

*Implemented: July 2000 - Organizational unit established and procedures developed. Will be applied to FY 2001 contracts.*

*Responsible Person: Deputy for Finance & Administration*

*Cash Management: Guidance has been provided to subcontractors more clearly defining the working capital advance allowed for cost reimbursement subcontractors. Each FY 2001 advance request has either been reviewed, or in the review process to determine the amount of the working capital advance allowed, if any. Stipulations have been included in the FY 2001 contract of each subcontractor requesting a working capital advance, including a repayment timeline. For FY 2001 working capital is assigned by program, due to constraints in the computer system. The contract fiscal managers will be responsible for monitoring the repayment of working capital advances at fiscal year-end.*

*As of 8/28/2000 - Partially Implemented - Procedures have been established. Some requests for working capital advances are still under review.*

*Responsible Person: Deputy for Finance & Administration*

*Program Reviews for Contract Renewals: Renewal packets for contracts not under competitive procurement went out May 16, 2000 with a due date for return of June 16, 2000. Internal evaluation of renewals focused on demonstrated program performance and fiscal review. Subcontractors were required to submit performance and budgets, as necessary, to support the FY 2001 service goals for the agency.*

*Special folders were created to assign and track responsibility for contract negotiation, clarification, and completion of contract renewals. A tracking spreadsheet managed by the Procurement Unit also tracked the process of each contract mail-out, execution, and return. A tracking sheet for each level of contract review and authorization was developed and implemented for the entire contracting process. This tracking sheet will be filed in the contract folder.*

*Implemented May - August 2000*

*Responsible Person: Deputy for Finance & Administration*

*Provider Tracking System: A provider profile system has been developed that compiles information relevant to each subcontractor. Information will be maintained and updated by the program performance unit and is available to staff. Copies of forms have been provided to SAO and they have interviewed staff involved in the development of the provider profile.*

*A project officer will be assigned to each subcontractor. The project officer will lead an interdepartmental team that will be responsible for oversight of issues/items tracked in the Provider Profile. The team will meet to resolve any issues related to a specific provider, or will refer issues within the agency for further disposition.*

*Responsible Person: Deputy of Finance & Administration*

Reference No. 00-555-53

**Improve Internal Audit Function**

(Prior Audit Issue - 99-555-40)

**CFDA 93.959 - Block Grants for Prevention and Treatment of Substance Abuse**

The internal audit function was ineffective in assessing the adequacy of the Commission's internal controls. For fiscal year 1999, internal audit completed one audit, one special project, and two of the three control self-assessments in its revised audit plan. Although documentation of work performed had improved, it continued to be inadequate because internal audit did not comply with auditing standards for three of the projects. Documentation should contain enough information that a third party could determine whether the evidence supports the findings and recommendations.

Initial Year Written:	1998
Status:	Partially Implemented

U.S. Department of Health and Human Services
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*Corrective Action:*

*An Internal Audit Director was hired effective June 19, 2000. Another Internal Auditor VI is scheduled to begin work September 1, 2000. A second Internal Auditor position is posted, and is expected to be filled by September 30, 2000.*

*The Internal Audit Director is currently in process of negotiating and finalizing an engagement letter with KPMG to perform a risk assessment and recommend a three-year audit plan. Internal Audit staff will also participate in this process. KPMG will also provide internal audit services, at the request of the Audit Committee and/or Internal Audit Director once the audit plan is completed.*

*The Internal Audit Charter is also under review and has been initially discussed with the Audit Committee on August 8, 2000. Additional discussions and revisions will occur until the Internal Audit Charter is approved by the Audit Committee and the Board of Commissioners.*

Reference No. 00-555-54

**Create Policy for Executing Contracts**

(Prior Audit Issue - 99-555-33, 98-323-01)

**CFDA 93.959 - Block Grants for Prevention and Treatment of Substance Abuse**

The Commission did not have a formal written policy that all contracts should be signed by both parties before the September 1 start date of the contract. Until a valid written contract is executed, the respective responsibilities of each party are unclear. Consequently, disputes over the terms of the agreement are more difficult to resolve, and it may be harder to hold providers accountable for their performance

Initial Year Written: 1997  
Status: Implemented

U.S. Department of Health  
and Human Services

Corrective Action:

Corrective action was taken.

Reference No. 00-555-55

**Comply With Period of Availability****CFDA 93.959 - Block Grants for Prevention and Treatment of Substance Abuse**

The Commission did not have adequate controls to ensure compliance with period of availability requirements under the *Block Grant for Prevention and Treatment of Substance Abuse* program. Noncompliance with period of availability requirements may result in the loss of federal funds.

Initial Year Written: 1999  
Status: Implemented

U.S. Department of Health  
and Human Services

Corrective Action:

Corrective action was taken.

Reference No. 00-555-56

**Comply With Independent Peer Review Requests**

(Prior Audit Issue - 99-555-35, 98-323-05)

**CFDA 93.959 - Block Grants for Prevention and Treatment of Substance Abuse**

The Commission did not comply with the independent peer review requirements of the *Block Grants for Prevention and Treatment of Substance Abuse* program. Noncompliance with these requirements may limit the peer review's effectiveness and can result in the loss of federal funds.

Initial Year Written: 1997  
Status: Implemented

U.S. Department of Health  
and Human Services

Corrective Action:

Corrective action was taken.



Reference No. 00-555-57

**Improve Computer Security**

(Prior Audit Issue - 99-555-38)

**CFDA 93.959 - Block Grants for Prevention and Treatment of Substance Abuse**

The Commission's security procedures were inadequate to prevent and detect unauthorized access to its computer systems, although some improvements were made during fiscal year 1999.

Initial Year Written: 1998  
Status: Partially Implemented

U.S. Department of Health  
and Human Services

**Corrective Action:**

*The agency has instituted a specific, documented review process for failed log-ons and requires each administrator to have a specific password that is updated on a periodic basis.*

*All accounts and access for departing employee are terminated immediately upon last day of employment. Close coordination between the Human Resources Division and the Information Technology Division monitors employee departures and termination of access is documented. Exiting employee passwords are not documented.*

*A process has been established for the completion of security forms for access to information resources that require sign-off during the hiring process. Security forms are filed as part of the employee's personnel file. However, this procedure has not been consistently followed. This issue has been brought to management's attention by Internal Audit.*

*Policies and procedures have been revised and implemented. Employees have been trained.*

Reference No. 00-555-58

**Improve Documentation and Ensure Integrity of Services Management System**

(Prior Audit Issue - 99-555-28)

**CFDA 93.959 - Block Grants for Prevention and Treatment of Substance Abuse**

The Commission did not adequately document how the Services Management System (SMS) works or test that it functions as it should. SMS is a critical component of the Integrated Management System (IMS) and directly supports the Commission's critical business functions. SMS processes data related to provider billings, payments, and expenditures.

Initial Year Written: 1998  
Status: Partially Implemented

U.S. Department of Health  
and Human Services

**Corrective Action:**

*The Service Management System (SMS) documentation currently being performed by the contract technical writer will be completed, including acceptance review, by the end of September 2000.*

*The post implementation review of SMS will be accomplished as part of the IMS review (these are components of the same integrated system) and is on track to be addressed in January 2001.*

Reference No. 00-555-59

**Improve Plan for Disaster Recovery Plan**

(Prior Audit Issue - 99-555-39)

**CFDA 93.959 - Block Grants for Prevention and Treatment of Substance Abuse**

The Commission's disaster recovery plan did not ensure operations could be resumed quickly to provide services to the public after a disaster, such as a fire or tornado. Information technology standards require that a plan be in place so that, in the event of a disaster, the agency can prevent the loss of critical data and resume operations quickly.

Initial Year Written: 1998  
Status: Partially Implemented

U.S. Department of Health  
and Human Services

This finding was reissued as current year reference number: 01-555-32.

**Corrective Action:**

*The drafts of the Disaster Recovery Plan have been reviewed and the following observations noted:*

*The plan was written for the prior organization. Subsequent to the recent TCADA reorganization, staff positions, responsibilities and functions have all changed. The changes are significant such that the plan will need to be effectively re-written to accommodate the agency as currently organized.*

*Once rewritten the primary components of the plan will be delineated and incorporated:*

- *Critical computer hardware and software identified;*
- *Critical tasks listed;*
- *Recovery teams identified;*
- *Team assignments outlined*

*Executive input is necessary so as to align the Information Technology Disaster Recovery Plan with a business continuity plan. It is estimated that the plan re-write and comprehensive development will take until December 31, 2000 to complete. The implementation date in the SAO response document should be changed.*

**Office of the Attorney General**

Reference No. 00-555-1

**Ensure That Medical Support Enforcement Actions Are Complete and Accurate****CFDA 93.563 - Child Support Enforcement**

The Office of the Attorney General (Office) did not meet the 75 percent required compliance rate for enforcement of non-custodial parents' medical support obligations. In a test of 45 case files, 14 cases (31.1 percent) had procedural errors in processing the medical support enforcement actions. Procedural errors included omitting medical support language in enforcement motions and failing to complete all appropriate entries on administrative enforcement forms.

Initial Year Written: 1999  
Status: Partially Implemented

U.S. Department of Health  
and Human Services

This finding was reissued as current year reference number: 01-555-43.

Corrective Action:

*The primary error which the 1999 State Auditor's Office (SAO) reported involved a procedural problem. During July 1999, automated system designs were completed which implemented a corrective action. The programming currently in place now notifies the employers, for Administrative Writs of Withholding, to take the appropriate action thereby ensuring enforcement of the non-custodial parents' medical support obligation. The Office of the Attorney General believes it has demonstrated a sincere effort to address the State Auditor's recommendation.*

## Texas Education Agency

Reference No. 00-555-46

### **Strengthen Controls Over Subrecipient Monitoring**

(Prior Audit Issue - 99-555-89)

CFDA 84.010 - Title I Grants - Local Educational Agencies

CFDA 84.011 - Migrant Education - Basic State Formula Grant Program

CFDA 84.027 - Special Education State Grants

CFDA 84.186 - Safe and Drug-Free Schools - State Grants

A material weakness in the Texas Education Agency's (Agency) monitoring of subrecipients continues to exist as it works to develop an agency wide monitoring plan. When the prior audit identified this issue, the Agency developed a corrective action plan that is scheduled to be complete in the fall of 2000.

Initial Year Written: 1998  
Status: Partially Implemented

U.S. Department of  
Education

However, until the Agency implements this plan and uses it in a monitoring cycle, we cannot adequately determine that prior year weaknesses have been resolved.

As a result, the risk remains high for these programs that the Agency will not detect subrecipients not in compliance with federal requirements in a timely manner along with five programs audited in the prior year (see the Summary Schedule of Prior Audit Findings section of this report). The Agency distributed \$1 billion in federal funds to over 1,000 subrecipients through these four programs in fiscal year 1999.

This finding was reissued as current year reference number: 01-555-51.

Corrective Action:

*The new subrecipient monitoring plan will be implemented in the fall of 2000 as scheduled. Data analysis used to select districts for risk-based monitoring in 2000-2001 included a full range of risk indicators for Special Education, Federal Title Programs (except Title I, Part D, Subpart I) and a limited number of risk indicators for State Compensatory Education, Gifted and Talented Education, and Bilingual Education programs. During the 2000-2001 school year, a full range of indicators will be developed for State Compensatory Education, Gifted and Talented Education, Bilingual Education, Migrant Education, Career and Technology Education, Optional Extended Year Program, and Dyslexia. The indicators for these program areas, as well as those previously developed for Special Education and Federal Title Programs, will be used to select districts that will receive either on-site visits or desk audits during the 2001-2002 school year. In addition to on-site risk-based monitoring visits, Agency staff will review corrective actions submitted by districts and conduct follow-up visits if necessary.*

*A needs assessment survey for an information-sharing system has been completed, and development of the system will begin during the 2000-2001 school year. Completion and implementation of the information-sharing system will be dependent upon anticipated funding by the 77th Legislature. In addition, a follow-up survey of the needs assessment conducted during the summer of 1999 has been completed. Results indicate a significant increase in risk-based monitoring between FY 1999 and FY 2000. The Agencywide Monitoring Plan Committee will continue meeting during the 2000-2001 school year to monitor progress of the plan.*

Reference No. 00-555-47

**Continue Efforts to Strengthen Controls Within Accounting Systems**

(Prior Audit Issue - 99-555-95, 99-555-94, 97-348-01)

CFDA 10.553 - School Breakfast Program  
 CFDA 10.555 - National School Lunch Programs  
 CFDA 84.010 - Title I Grants - Local Educational Agencies  
 CFDA 84.011 - Migrant Education - Basic State Formula Grant Program  
 CFDA 84.027 - Special Education State Grants  
 CFDA 84.186 - Safe and Drug-Free Schools - State Grants  
 CFDA 84.196 - Education for Homeless Children and Youth  
 CFDA 84.318 - Technology Literacy Challenge Fund Grants

The Agency continues to have a material weakness in its accounting and reporting controls. Although it has made some progress, the Agency has not completely implemented significant prior year recommendations. The Agency did not accurately report federal financial information, and it does not reconcile its accounting systems in a comprehensive or timely manner. In addition, the Agency does not restrict access to its accounting systems well enough to prevent unauthorized changes. These problems significantly increase the risk that material errors could exist in financial data and not be detected in a timely manner. Also, the risk of inaccurate information limits the usefulness of the Agency's financial data. In fiscal year 1999, the Agency administered and reported on more than \$2 billion in federal funds.

Initial Year Written: 1996  
 Status: Partially Implemented

U.S. Department of  
Agriculture

U.S. Department of  
Education

This finding was reissued as current year reference number: 01-555-52.

**Corrective Action:**

*Cash reconciliations between ISAS and USAS are current and being completed on a timely basis. Appropriation reconciliations between ISAS and USAS are underway for budget year 2000 and plans are to be current by September 30, 2000. Everything is in place to produce an automated and accurate federal schedule for the FY2000 AFR. A review and analysis of ISAS and USAS security access has been completed and restructured to ensure appropriate access levels. ISAS reports have been developed to show what access all users have and these reports are being sent to management for periodic verification.*

Reference No. 00-555-48

**Reconcile Accounting Records for Federal Programs to Federal Systems**

(Prior Audit Issue - 99-555-91)

CFDA 10.553 - School Breakfast Program  
 CFDA 10.555 - National School Lunch Programs  
 CFDA 84.010 - Title I Grants - Local Educational Agencies  
 CFDA 84.011 - Migrant Education - Basic State Formula Grant Program  
 CFDA 84.027 - Special Education State Grants  
 CFDA 84.186 - Safe and Drug-Free Schools - State Grants  
 CFDA 84.196 - Education for Homeless Children and Youth  
 CFDA 84.318 - Technology Literacy Challenge Fund Grants

The Agency has not reconciled ISAS accounting records for certain federal programs with the accounting systems of its two major federal awarding agencies. Both systems are used as the source for requesting and drawing federal funds (\$2 billion in fiscal year 1999) from over 30 federal programs administered by the respective agencies. When reconciliations are not performed, there is limited assurance that federal funds drawn for a particular federal program are actually spent in that program.

Initial Year Written: 1998  
 Status: Partially Implemented

U.S. Department of  
Agriculture

U.S. Department of  
Education

Corrective Action:

*The initial EDCAPS reconciliation to ISAS has been completed. On July 27, 2000, a letter was sent to USDE requesting them to reinstate some closed grant awards so that we can make adjustments in EDCAPS to tie to the reconciliation. The completion of this step by August 31, 2000 is contingent on the responses from USDE in reopening and/or reinstating the grants to adjust. We are currently preparing the adjustments needed to ISAS and have decided to post them to a prior fiscal year (1998) to prevent the adjustments from distorting the FY2000 federal schedule in the AFR. The results of these adjustments will have no impact on opening fund balances. We will continue to perform this reconciliation for active grants on a periodic basis.*

*A reconciliation between ISAS and ASAP and the CNP subsystem has been completed for the 1999 grant year and adjustments were made to balance between the systems. USDA complimented us on the results of this effort. We will continue to perform this reconciliation for active grants on a periodic basis.*

Reference No. 00-555-45

**Ensure That Correct Federal Reimbursement Rates Are Used****CFDA 10.553 - School Breakfast Program**

The Agency did not use the correct reimbursement rate for the Severe Need Breakfast portion of the School Breakfast Program. The rate used was one-half cent lower than the rate published by the U.S. Department of Agriculture (USDA). As a result, schools participating in the program were underpaid by \$520,000 for federal program year 1999. The error occurred because the Agency did not verify the rate used in its automated system against the USDA information. The underpayment represents 2.5 percent of the Severe Need Breakfast reimbursements paid to 4,098 school campuses. Currently, the Agency is using the correct federal program year 2000 reimbursement rates.

Initial Year Written:	1999
Status:	Implemented
U.S. Department of Agriculture	

Corrective Action:

Corrective action was taken.

Reference No. 00-555-49

**Ensure That the Agency's Period One Calculation Is Supported**

**CFDA 10.553 - School Breakfast Program**  
**CFDA 10.555 - National School Lunch Programs**  
**CFDA 84.010 - Title I Grants - Local Educational Agencies**  
**CFDA 84.011 - Migrant Education - Basic State Formula Grant Program**  
**CFDA 84.027 - Special Education State Grants**  
**CFDA 84.186 - Safe and Drug-Free Schools - State Grants**

The Agency's Period I, one of the components for cash management under the pre-issuance funding technique, may be incorrect because it is not based on actual activity. Period I is the time between receipt of federal funds and disbursement (warrant issuance).

Initial Year Written:	1999
Status:	Implemented
U.S. Department of Agriculture	
U.S. Department of Education	

Corrective Action:

Corrective action was taken.

Reference No. 99-555-90

**Strengthen Controls Over Monitoring Cash Management for Subrecipients**

CFDA 10.560 - State Admin. Expenses for Child Nutrition  
 CFDA 84.186 - Safe and Drug-Free Schools - State Grants  
 CFDA 84.276 - Goals 2000 - State and Local Education Systemic Improvement Grant  
 CFDA 84.281 - Eisenhower Professional Development State Grants  
 CFDA 84.298 - Innovative Education Program Strategies

The Agency did not monitor subrecipients' cash management to ensure compliance with federal requirements that minimize the time federal funds are on hand. In addition, the Agency's cash advancement procedures during fiscal year 1998, at times, resulted in excess balances of federal funds on hand with subrecipients.

Initial Year Written: 1998  
 Status: Partially Implemented

U.S. Department of  
Agriculture

U.S. Department of  
Education

**Corrective Action:**

*The Internal Audit Division has scheduled an audit of subreipients' year-end cash draw downs and refunds for federal grant programs. This audit is tentatively scheduled to commence in November 2000 and will cover the fiscal year ending August 31, 2000.*

*The Financial Accountability System Resource Guide has been revised to describe more in detail federal cash management requirements for subreipients. The Division of School Financial Audits will emphasize to the subreipients' independent auditors that cash management practices are to be examined for compliance with federal guidelines. The Division of School Financial Audits will also be reviewing subreipients cash management practices during field visits to schools and in desk reviews.*

Reference No. 99-555-92

**Ensure Federal Financial Reports Are Prepared and Submitted**

CFDA 84.213 - Even Start - State Educational Agencies  
 CFDA 84.276 - Goals 2000 - State and Local Education Systemic Improvement Grant

The Agency failed to submit required reports to the U.S. Department of Education.

Initial Year Written: 1998  
 Status: Implemented

U.S. Department of  
Education

**Corrective Action:**

Corrective action was taken.

## Health and Human Services Commission

Reference No. 00-555-34

### Review Medicaid Systems for Adequacy in Detecting Overpayment and Potential Fraud (Prior Audit Issue - 99-555-51)

#### CFDA 93.778 - Medical Assistance Program

The Health and Human Services Commission (Commission), in conjunction with the Department of Health (Department), did not take appropriate action to resolve questioned costs reported by the State Auditor's Office in the 1998 Financial and Compliance Audit. Forty out of 65 (62 percent) questionable claims were improperly closed. It appears that a breakdown in communication occurred between the Commission and the Department in addressing these claims.

Initial Year Written: 1998  
Status: Implemented

U.S. Department of Health  
and Human Services

#### Corrective Action:

Corrective action was taken.

## Department of Health

Reference No. 00-555-25

### Improve Monitoring of the Contract With National Heritage Insurance Company (Prior Audit Issue - 99-555-46)

#### CFDA 93.778 - Medical Assistance Program

The Department of Health (Department) has made progress in improving its monitoring of the contract with the National Heritage Insurance Company (NHIC). However, further improvements are still needed. The Department contracted with NHIC during fiscal year 1999 to administer Medicaid claims. The Department's Health Care Financing Division monitors NHIC.

Initial Year Written: 1998  
Status: Partially Implemented

U.S. Department of Health  
and Human Services

#### Corrective Action:

The Department selected a contractor to develop a risk assessment. The term of the contract is through February 15, 2001. Significant improvement was made to the CARTS system with further improvements to be in place by January 2001. The risk assessment and CARTS system will be tested during the fiscal year 2001 Statewide Single Audit. The Department developed a method for testing fee schedule changes and developed a disaster recovery test plan.

Reference No. 00-555-26

### Ensure Timely Submission of Revised CMIA Report (Prior Audit Issue - 99-555-68)

#### CFDA 93.778 - Medical Assistance Program

The Department revised the fiscal year 1998 Cash Management Improvement Act (CMIA) Annual Report Worksheet (Report) to recognize Medical Assistance Program refunds on the date they are received as suggested in the prior year's

Initial Year Written: 1998  
Status: Implemented

U.S. Department of Health  
and Human Services

audit. However, the Department did not submit the revised Report to the Comptroller of Public Accounts (Comptroller) prior to the deadline of December 1, 1999, as stated in the Comptroller's Cash Management Improvement Act Reporting requirements.

Corrective Action:

Corrective action was taken.

## Department of Housing and Community Affairs

Reference No. 00-555-42

### **Strengthen Controls Over Subrecipient Monitoring** (Prior Audit Issue - 99-555-22)

#### **CFDA 14.239 - HOME Investment Partnerships Program**

The Department of Housing and Community Affairs (Department) has a material weakness in its controls over monitoring subrecipients for the *HOME Investment Partnerships Program (HOME)*. In fiscal year 1999, 250 subrecipients received \$25 million in federal *HOME* program funds. Because the Department does not monitor subrecipients effectively, all of these funds were at risk of being spent on unallowable costs, which could lead to lost federal funding.

Initial Year Written:	1998
Status:	Partially Implemented
U.S. Department of Housing and Urban Development	

This finding was reissued as current year reference number: 01-555-24.

Corrective Action:

*The Department's risk assessment process is in place and will be incorporated into the HOME subrecipient monitoring operating procedures. While it is anticipated that risk assessment will be the primary tool for selecting a subrecipient for monitoring, in order to schedule immediate monitoring visits other selection criteria must also be taken into account until such time that the historical monitoring data is validated and recorded. The use of those additional criteria and deviation from the risk assessment will be justified and documented. The current files for open contracts containing monitoring information will be reviewed for accuracy and completeness. If the previously conducted monitoring data is acceptable and well documented, the information will be transferred to the new monitoring page in Genesis.*

*In order to ensure a consistent monitoring focus and to segregate duties, the HOME (and CDBG) monitoring functions have been shifted to the Compliance Division. Two HOME positions and five CDBG positions were shifted to Compliance (see Issue 151 for additional detail). The Program Monitoring section will be responsible for the monitoring functions of the CDBG and HOME programs. Consistent with the Compliance Divisions policy of cross training, the Program Monitors are also receiving training specific to multifamily rental projects).*

*The HOME Monitoring Manual 2000 and new checklists were put in place as of October 1999. However, the new Program Monitoring section staff will be responsible for reviewing and modifying HOME monitoring tools, as needed, and revising and expanding SOPs to accommodate the recent change in separation of duties between contract administration and monitoring. In process is a task review for monitors, which will assist staff in establishing policies and procedures.*

*A new monitoring page will be added to the Genesis system to be used to track monitoring findings and corrective actions. The SOPs will require that the information be consistently used to track monitoring information and updated as needed. Additional fields will be included to track information necessary for successful implementation of risk based monitoring. The monitoring information in Genesis is available to the Department on a read only*



*basis; the risk assessment system can be viewed on the Department's Intranet. The information can be used to provide necessary reports for management purposes.*

Reference No. 00-555-41

### **Strengthen Controls Over Cash Management Requirements**

**CFDA 14.228 - Community Development Block Grants/State's Program**

**CFDA 14.239 - HOME Investment Partnerships Program**

The Department is not in compliance with federal cash management requirements for the *HOME Investment Partnerships Program (HOME)* or the *Community Development Block Grant Program*. The Department did not properly calculate Period I for either program. Period I is one of the components used to determine the State's interest obligation to the federal government.

Initial Year Written: 1999  
Status: Implemented

U.S. Department of Housing  
and Urban Development

#### **Corrective Action:**

Corrective action was taken.

Reference No. 00-555-38

### **Strengthen Controls Over Matching Requirements**

**CFDA 14.239 - HOME Investment Partnerships Program**

The Department has not established adequate controls over the matching requirements for the *HOME Investment Partnerships Program (HOME)*. As a result, the Department has not accurately reported matching information to the U.S. Department of Housing and Urban Development since federal fiscal year 1995.

Initial Year Written: 1999  
Status: Implemented

U.S. Department of Housing  
and Urban Development

#### **Corrective Action:**

Corrective action was taken.

Reference No. 99-555-19

### **The Department Did Not Meet Required Leasing Rates**

**CFDA 14.855 - Section 8 Rental Voucher Program**

**CFDA 14.857 - Section 8 Rental Certificate Program**

The Department of Housing and Community Affairs has consistently and substantially been under the required leasing percentage for its last three fiscal years.

Initial Year Written: 1998  
Status: Implemented

U.S. Department of Housing  
and Urban Development

#### **Corrective Action:**

Corrective action was taken.

## Department of Human Services

Reference No. 00-555-2

### Strengthen Controls Over Direct Cost Claimed for the Development and Maintenance of Clearance Patterns

CFDA 10.561 - State Admin. Matching Grants for Food Stamp Program

CFDA 93.558 - Temporary Assistance for Needy Families

CFDA 93.777 - State Survey and Certification of Health Care Providers and Suppliers

CFDA 93.778 - Medical Assistance Program

The Department of Human Services (Department) claimed \$19,500.54 in direct costs in fiscal year 1999, which is 93 percent more than its fiscal year 1998 claim of \$10,080.15. Based on our review of provided documentation and on the fact that the Department managed one less program in fiscal year 1999, the claim appears excessive.

Initial Year Written: 1999  
Status: Implemented

U.S. Department of  
Agriculture

U.S. Department of Health  
and Human Services

#### Corrective Action:

Corrective action was taken.

Reference No. 00-555-17

### Comply With Cash Management Requirements

CFDA 10.561 - State Admin. Matching Grants for Food Stamp Program

CFDA 93.558 - Temporary Assistance for Needy Families

CFDA 93.777 - State Survey and Certification of Health Care Providers and Suppliers

CFDA 93.778 - Medical Assistance Program

The Department did not draw federal funds in accordance with the programs' average clearance funding technique. On average, the Department draws funds once a week even though the programs' average clearance patterns range from two to three days.

Initial Year Written: 1999  
Status: Partially Implemented

U.S. Department of  
Agriculture

U.S. Department of Health  
and Human Services

This finding was reissued as current year reference number: 01-555-19.

#### Corrective Action:

*The agency returned to the pre-issuance funding technique for fiscal year 2000 and is requesting federal funds twice a week for each program. New Period 1 and Period 2 clearance patterns will be established for each program in fiscal year 2000.*

Reference No. 00-555-18

### Strengthen Controls Over Quality Assurance of Client Eligibility Files

CFDA 93.778 - Medical Assistance Program

The Department has both a federally approved Program Integrity Assessment (PIA) process and an internally developed Quality Assurance Management System (QAMS) to ensure accuracy of data in the Department's client eligibility

Initial Year Written: 1999  
Status: Partially Implemented

U.S. Department of Health  
and Human Services

files. We identified opportunities to improve management oversight and documentation of work performed by reviewers and caseworkers:

The Department does not formally document its follow-up work on deficiencies in the PIA process or the QAMS to ensure that timely corrective actions have been taken.

The Department has not provided formal training on the QAMS review process since 1992.

This finding was reissued as current year reference number: 01-555-33.

Corrective Action:

*A decision was made by May 1 regarding the direction of QAMS. The Office of Program Integrity (OPI) will conduct QAMS validation. A change in staff in the Office of Program Integrity has delayed implementation of QAMS validation by OPI. Regional Operations, Office of Programs and the Office of Program Integrity have worked together on this process. OPI will assume responsibility for validation by January 1, 2001.*

Reference No. 00-555-19

**Ensure Adequate Procedures for the Referral of Suspected Fraud Cases**

(Prior Audit Issue - 99-555-49, 98-320-01)

**CFDA 93.778 - Medical Assistance Program**

The Department has not implemented a recommendation from the 1998 Financial and Compliance Audit to ensure the receipt of suspected fraud referrals by the Health and Human Services Commission (Commission). The Department has controls in place to identify suspected Medicaid fraud. However, the Department has not established a formal process to reconcile referrals to the Commission and to track their disposition. As a result, not all suspected fraud cases are being investigated. The Department initiated meetings with the Commission (and the Office of the Attorney General) to address this issue.

Initial Year Written:	1997
Status:	Implemented
U.S. Department of Health and Human Services	

Corrective Action:

Corrective action was taken.

Reference No. 00-555-20

**Establish a Program for Conducting Periodic Risk Analysis and Security Review**

(Prior Audit Issue - 99-555-48)

**CFDA 93.778 - Medical Assistance Program**

The Department has not established and maintained a program for conducting periodic risk analyses and security reviews of the automated data processing systems it uses in the administration of Medicaid. We reported in the 1998 Financial and Compliance Audit that the Department had not conducted a security review since June 1995.

Initial Year Written:	1998
Status:	Partially Implemented
U.S. Department of Health and Human Services	

This finding was reissued as current year reference number: 01-555-34.

Corrective Action:

*Internal Audit and MIS are finalizing a Request for Offer (RFO) to obtain professional services to conduct the security review and risk analysis. If sufficient funds are available, the scope of work will also include USDAs Food Stamp Program. We anticipate the RFO will be posted on the Electronic State Business Daily website in September 2000.*

<b>Lamar University</b>
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Reference No. 00-555-10

**Report Enrollment Changes as Required****CFDA 84.032 - Federal Family Education Loans**

Lamar University (University) is not properly reporting enrollment changes for the Federal Family Education Loans program. In 5 of 12 student records tested (41.67 percent), we noted the following issues:

Three of the enrollment changes were submitted to the U.S. Department of Education (Department) after the required time frame. The changes were reported anywhere from 72 days to 122 days after the effective change date.

Two of the enrollment changes were not reported to the Department.

Initial Year Written:	1999
Status:	Other
U.S. Department of Education	

Corrective Action:

Due to the timing of the implementation date, we were unable to follow up on this finding. It will be followed up on a later date. The Office of Student Financial Aid is currently developing procedures to report directly, online to the NSLD any and all changes. The projected implementation date is January 2001.

Reference No. 00-555-6

**Maintain Documentation of Pell Payment Data Submitted to U.S. Department of Education****CFDA 84.063 - Federal Pell Grant Program**

The University is not maintaining necessary documentation to support the reporting of all Pell payment data to the U.S. Department of Education for the Federal Pell Grant Program. As a result, we were unable to ensure that the University reported the student payment data as required.

Initial Year Written:	1999
Status:	Implemented
U.S. Department of Education	

Corrective Action:

Corrective action taken.

**Department of Mental Health and Mental Retardation - Central Office**

Reference No. 00-555-21

**Comply With Independent Peer Review Requirements**

(Prior Audit Issue - 99-555-11)

**CFDA 93.958 - Block Grant for Community Mental Health Services**

The Department of Mental Health and Mental Retardation (Department) does not have a process to ensure that independent peer reviews of funded treatment programs are performed as required by the Block Grant for Community Mental Health Services program.

Initial Year Written: 1998  
Status: Other

U.S. Department of Health  
and Human Services

This finding was reissued as current year reference number: 01-555-49.

**Corrective Action:**

The agency has decided to wait for the update that should be provided by the federal government in spring 2001.

Reference No. 00-555-22

**Fully Comply With Subrecipient Monitoring Requirements****CFDA 93.958 - Block Grant for Community Mental Health Services**

The Department is not in full compliance with subrecipient monitoring requirements. Three contracts were inconsistently contracted for and monitored.

Initial Year Written: 1999  
Status: Implemented

U.S. Department of Health  
and Human Services

**Corrective Action:**

Corrective action was taken.

Reference No. 00-555-23

**Comply With Allowable Activity Requirements****CFDA 93.958 - Block Grant for Community Mental Health Services**

The direct care services provided by the Children's Heart Institute do not appear to meet the allowable activity requirements of the Block Grant for Community Mental Health Services.

Initial Year Written: 1999  
Status: Implemented

U.S. Department of Health  
and Human Services

**Corrective Action:**

Corrective action was taken.

## Natural Resource Conservation Commission

Reference No. 99-555-52

### Develop a Formal Disaster Recovery Plan

CFDA 66.605 - Performance Partnership Grants

CFDA 66.802 - Superfund State Site-Specific Cooperative Agreements

The Natural Resource Conservation Commission (Commission) does not have an agencywide disaster recovery plan for its automated systems. The Commission is completing nightly back-ups of critical computer data and storing them off site. However, there is no formalized, comprehensive disaster recovery plan that includes procedures and processes for conducting risk analyses, setting priorities for the recovery of information resources, and identifying which automation-based services are most critical to the Commission.

Initial Year Written: 1998  
Status: Partially Implemented

U.S. Environmental  
Protection Agency

#### Corrective Action:

*TNRCC entered into a contract with Northrop Grumman Technical Services Inc. for the period of August 31, 1999 through August 31, 2002 for disaster recovery services at the West Texas Disaster Recovery and Operations Center (WTDROC). The disaster recovery plan revision process is still on-going. Due to other high priority projects, requested funds for the development of an agency-wide disaster recovery/business continuity plan were not approved for FY2000 or FY2001. Funds will be requested again in FY2002. An Information Resources Division (IRD) Disaster Recovery Plan is currently being developed using IRD FTEs.*

## Department of Protective and Regulatory Services

Reference No. 00-555-51

### Strengthen Controls Over Monitoring of Subrecipients and Vendors With Compliance Requirements

(Prior Audit Issue - 99-555-82, 98-318-03)

CFDA 93.658 - Foster Care - Title IV-E

A material weakness continues to exist in the Department of Protective and Regulatory Services' (Department) controls over monitoring of subrecipients and vendors with compliance responsibilities for the Foster Care - Title IV-E program. Because the Department does not monitor subrecipients or vendors effectively, all funds paid to these entities were at risk of being spent on unallowable costs, which could lead to lost federal funding.

Initial Year Written: 1997  
Status: Partially Implemented

U.S. Department of Health  
and Human Services

#### Corrective Action:

Corrective action for deficiencies related to risk assessment and monitoring coverage have been implemented. A new Contract Administration Division database to track subrecipient and vendor monitoring activities is in place for fiscal year 2001 and will be tested during the fiscal year 2001 Statewide Single Audit.

Reference No. 00-555-31

**Adjust Overclaims of Federal Funds in a Timely Manner****CFDA 93.658 - Foster Care - Title IV-E**

The Department does not adjust overclaims of federal funds in a timely manner. These adjustments are necessary to correct overclaims made by child placing agencies for foster care maintenance payments.

Initial Year Written: 1999  
Status: Partially Implemented  
  
U.S. Department of Health  
and Human Services

**Corrective Action:**

*The first part of the finding is fully implemented. The 1999 adjustment was made for the federal quarterly report due April 28, 2000, and the fiscal year 2000 adjustment will be made by the close of this quarter as recommended.*

*The second part of the finding is not scheduled to be implemented until 9/1/2001. According to the proposed rate-setting methodology and the validation of some of the assumptions, PRS is in the process of evaluating CPA maintenance expenses by requiring CPA specialized foster homes to complete a cost report. This updated information will be used for setting the fiscal years 2002-2003 pass through rates to foster homes. According to the proposed methodology, administrative and case management costs will be calculated as an add-on rate to the maintenance rate. Actual changes for the fiscal years 2002-2003 foster care rates and related CAPS adjustments are contingent upon Board approval of the proposed methodology and the related rates.*

Reference No. 00-555-33

**Establish Appropriate Controls Over Foster Care Income**

(Prior Audit Issue - 98-318-02)

**CFDA 93.658 - Foster Care - Title IV-E**

The Department has not yet established adequate controls to ensure that income received on behalf of foster care children is appropriately applied against the cost of the child's care. Current policies and procedures do not include a reconciliation between the income funds distribute to foster care providers and the income recorded in the billing system to offset the cost of the child's foster care.

Initial Year Written: 1997  
Status: Partially Implemented  
  
U.S. Department of Health  
and Human Services

This finding was reissued as current year reference number: 01-555-40.

**Corrective Action:**

*A Child Protective Services (CPS) Protective Services Action entitled Reconciliation of Children's Funds Applied to Cost of Care was released in the summer 2000 to provide a format for regions to perform reconciliations.*

*A Request For Proposals (RFP) was released in February to competitively procure banking services to consolidate the handling of children's income by regional staff into a single bank. This was a primary step in PRSs plan to establish standardized procedures with adequate oversight. No offers were received. Subsequently, PRS has negotiated with three banks on terms and conditions for these services. First American Bank has been selected. Services will be provided at no expense to PRS, while individual savings accounts established for children will earn interest.*

*First American Bank will have internet-based banking services available October 1, 2000. Prior to that date, they and the other banks involved in negotiations required modem-based banking in order to access all the features PRS sought.*

*A policies and procedures memorandum has been finalized and will be released to field staff the week of September 11, 2000. It addresses reconciliation procedures, separation of duties, and centralization of staff*

responsible for these functions. Policies and procedures were developed by a workgroup with representatives of Child Protective Services, Internal Audit, Accounting, Operational Support, Legal Services and Information Technology, based largely upon review of current regional practices and State Auditor's findings.

Training on policies and procedures, bank software and banking procedures, Quicken software and CAPS financial reporting procedures was held on September 20-22, 2000. Regions will be directed to begin, by October 1, the process of transferring accounts and direct-deposits.

Reference No. 00-555-39

### **Strengthen Controls Over Cash Management Requirements**

#### **CFDA 93.658 - Foster Care - Title IV-E**

The Department needs to strengthen controls in place to ensure compliance with cash management requirements. *The Foster Care Title IV-E* program is required to follow the pre-issuance funding technique according to the U.S. Treasury-State Agreement. To properly follow this technique, the Department must ensure Period I is accurately calculated. Period I is one of the components used to determine the State's interest obligation to the federal government.

Initial Year Written:	1999
Status:	Implemented
U.S. Department of Health and Human Services	

#### Corrective Action:

Corrective action was taken.

Reference No. 00-555-32

### **Ensure Eligibility Redeterminations Are Performed in a Timely Manner**

#### **CFDA 93.658 - Foster Care - Title IV-E**

The Department is not ensuring that *Foster Care -Title IV-E* and State-Paid Foster Care eligibility redeterminations are performed in a timely manner. Redeterminations are required every 12 months to ensure that the appropriate funds are used to pay for each child's foster care.

Initial Year Written:	1999
Status:	Implemented
U.S. Department of Health and Human Services	

#### Corrective Action:

Corrective action was taken.

Reference No. 99-555-81

### **Comply With Federal Debarment/Suspension Requirements**

#### **CFDA 93.658 - Foster Care - Title IV-E**

The Department did not comply with federal debarment and suspension requirements.

Initial Year Written:	1998
Status:	Implemented
U.S. Department of Health and Human Services	

#### Corrective Action:

Corrective action was taken.



**Sul Ross State University**

Reference No. 99-555-10

**Report Enrollment Changes to Guarantor, Lender, or U.S. Department of Education**

(Prior Audit Issue - 98-333-02, 97-332-06)

**CFDA 84.032 - Federal Family Education Loans**

Sul Ross State University (University) is not reporting all enrollment changes for the Federal Family Education Loans program to the guarantor, lender, or U.S. Department of Education.

This finding was reissued as current year reference number: 01-555-06.

Initial Year Written: 1996  
Status: Partially Implemented

U.S. Department of  
Education

**Corrective Action:**

*Corrective action has been implemented and a coordinated effort with accountability is in place. The Dean of Admissions and Records has established a reporting schedule with the National Student Loan Clearinghouse (NSLC) and communicated dates of required action to the Director of Financial Assistance and the Director of Management Information Systems. Each Department has been delegated individual and joint responsibility to ensure that timely reports are submitted to NSLC.*

**Texas A&M International University**

Reference No. 00-555-16

**Report Enrollment Changes as Required**

(Prior Audit Issue - 99-555-14, 98-331-02)

**CFDA 84.032 - Federal Family Education Loans**

Texas A&M International University (University) is not reporting enrollment changes in a timely manner for the *Federal Family Education Loans* program. For 2 of 15 student records tested (13.3 percent), the University did not report the changes within the required time frame.

Initial Year Written: 1997  
Status: Other

U.S. Department of  
Education

**Corrective Action:**

Due to the timing of the implementation date, we were unable to follow up on this finding. It will be followed up on a later date. As of March 6, 2000, lenders and servicers are being notified by letter whenever a student changes enrollment status. As of March 28, 2000, enrollment changes are being reported directly to NSLDS on the web.

## Texas A&M University - Corpus Christi

Reference No. 99-555-2

### Report Enrollment Changes to the Guarantor, Lender, or U.S. Department of Education

#### CFDA 84.032 - Federal Family Education Loans

Texas A&M University – Corpus Christi (University) is not reporting all enrollment changes for the Federal Family Education Loans program to the guarantor, lender, or U.S. Department of Education. In addition, the University is not retaining records or documentation of the enrollment change updates in the National Student Loan Data System.

Initial Year Written:	1998
Status:	Other
U.S. Department of Education	

#### Corrective Action:

Due to the timing of the implementation date, we were unable to follow up on this finding. It will be follow up on a later date. There has been a delay in processing enrollment change data to the National Student Loan Clearinghouse. The delay is due to several factors, which include technical difficulties and shortage of programming staff. The targeted date for full implementation to the Clearinghouse services was fall 2000.

## Texas A&M University - Kingsville

Reference No. 00-555-12

### Report Enrollment Changes as Required

(Prior Audit Issue - 99-555-26)

#### CFDA 84.032 - Federal Family Education Loans

Texas A&M University – Kingsville (University) is not properly reporting all enrollment changes for the *Federal Family Education Loans* program. In 8 of 13 student records tested (61.54 percent), we noted the following issues:

- Six of the enrollment changes were submitted to the U.S. Department of Education (Department) after the required time frame. The changes were reported anywhere from 78 days to 83 days after the effective change date.
- Two of the enrollment changes were not reported to the Department.

Initial Year Written:	1998
Status:	Other
U.S. Department of Education	

#### Corrective Action:

Due to the timing of the implementation date, we were unable to follow up on this finding. It will be followed up on a later date. The University has begun reporting graduates, mid-semester drops and withdrawals directly to the National Student Loan Database System as part of an ad-hoc reporting system.

Reference No. 00-555-13

**Maintain Documentation of Pell Payment Data Submitted to U.S. Department of Education****CFDA 84.063 - Federal Pell Grant Program**

In following up on prior audit issue 99-555-32, it was determined that the University is not maintaining necessary documentation to support the reporting of all Pell payment data to the U.S. Department of Education for the *Federal Pell Grant Program*. As a result, we were unable to ensure that the University reported the student payment data as required and thus determine if corrective action had been taken.

Initial Year Written:	1999
Status:	Other
U.S. Department of Education	

**Corrective Action:**

Due to the timing of the implementation date, we were unable to follow up on this finding. It will be followed up on a later date. The University is continuing to Report Pell Payment Data using the RFMS System via Electronic Data Exchange software provided by the Department of Education. Back-ups are being saved on CD.

Reference No. 00-555-14

**Obtain Financial Aid Transcripts**

(Prior Audit Issue - 99-555-29)

**CFDA 84.032 - Federal Family Education Loans****CFDA 84.063 - Federal Pell Grant Program**

The University is not obtaining financial aid transcripts for all transfer students who receive federal financial assistance as required, as indicated by the following issues:

- For 1 of the 30 *Federal Family Education Loans* (FFEL) program and Federal Pell Grant Program (Pell) student files tested (3.33 percent), the transcript was obtained seven days after the disbursement of federal funds.
- For 2 of the 30 FFEL and Pell student files tested (6.67 percent), the transcripts were not in the students' files to support that the transcripts were received and reviewed. However, the transcript tracking screen in the financial aid information system indicated that the transcripts were requested and received.

Initial Year Written:	1998
Status:	Other
U.S. Department of Education	

**Corrective Action:**

Due to the timing of the implementation date, we were unable to follow up on this finding. It will be followed up on a later date. The University is obtaining prior year awards from the National Student Loan Database. Midsummer awards still require paper financial aid transcripts. All awards for transfer students are not disbursed until FATS are input and verified.

Reference No. 99-555-24

**Develop and Implement Formal Policies and Procedures Over Monitoring Security Violations**

CFDA 84.007 - Supplemental Educational Opportunity Grant

CFDA 84.032 - Federal Family Education Loans

CFDA 84.033 - Federal Work-Study Program

CFDA 84.038 - Federal Perkins Loan Program – Federal Capital Contributions

CFDA 84.063 - Federal Pell Grant Program

The University is not generating automated security reports to monitor security and it does not have documented internal policies and procedures for following up on reported security violations.

This finding was reissued as current year reference number: 01-555-11.

Initial Year Written: 1998  
Status: Partially Implemented

U.S. Department of  
Education

**Corrective Action:**

The University has developed interim policies and procedures; however, management had not approved or used them by January 12, 2001.

Reference No. 99-555-30

**Maintain Complete and Accurate Information to Support Adjustments to Students' Budgets**

CFDA 84.032 - Federal Family Education Loans

CFDA 84.063 - Federal Pell Grant Program

The University does not maintain complete and accurate information to support adjustments to students' budgets.

Initial Year Written: 1998  
Status: Implemented

U.S. Department of  
Education

**Corrective Action:**

Corrective action was taken.

Reference No. 99-555-32

**Report Pell Payment Data to U.S. Department of Education Within 30 Days**

CFDA 84.063 - Federal Pell Grant Program

The University is not reporting payment data on the *Federal Pell Grant Program* to the U.S. Department of Education within 30 days as required.

Initial Year Written: 1998  
Status: Other

U.S. Department of  
Education

**Corrective Action:**

Due to the timing of the implementation date, we were unable to follow up on this finding. It will be followed up on a later date. The University has begun using the new RFMS system on a weekly basis to report Pell payments to ensure compliance with the Department of Education.

## Texas Agricultural Experiment Station

Reference No. 00-555-43

### Strengthen Controls Over Cash Management

(Prior Audit Issue - 99-555-74)

CFDA 10.001 - Agricultural Research-Basic and Applied Research

CFDA 10.203 - Payments to Agricultural Experiment Stations under Hatch Act

The Texas Agricultural Experiment Station's (Experiment Station) controls over cash management continue to be inadequate to ensure compliance with federal requirements.

Initial Year Written: 1998  
Status: Other

U.S. Department of  
Agriculture

#### Corrective Action:

Due to the timing of the implementation date, we were unable to follow up on this finding. It will be followed up on next year.

Reference No. 00-555-44

### Improve Subrecipient Monitoring Procedures

(Prior Audit Issue - 99-555-76)

CFDA 10.200 - Grants for Agricultural Research, Special Research Grants

CFDA 10.206 - Grants for Agricultural Research-Competitive Research Grants

CFDA 10.901 - Resource Conservation and Development

CFDA 12.114 - Collaborative Research and Development

CFDA 12.300 - Basic and Applied Scientific Research

CFDA 66.500 - Environmental Protection-Consolidated Research

CFDA 81.049 - Basic energy Science - University and Science Education

CFDA 93.846 - Arthritis, Musculoskeletal and Skin Disease Research

CFDA 93.862 - Genetics and Developmental Biology Research

CFDA 93.864 - Population Research

The Experiment Station has made improvements to comply with subrecipient monitoring requirements as they relate to the Single Audit; however, it has not implemented procedures to ensure adequate monitoring of all subrecipients.

Initial Year Written: 1998  
Status: Other

U.S. Department of  
Agriculture

U.S. Department of Defense

U.S. Environmental  
Protection Agency

U.S. Department of Energy

U.S. Department of Health  
and Human Services

#### Corrective Action:

Due to the timing of the implementation date, we were unable to follow-up on this finding. The finding will be followed up on next year.

Reference No. 99-555-78

**Strengthen the Control Environment Over Research and Development Programs**

CFDA 10.001 - Agricultural Research-Basic and Applied Research  
 CFDA 10.200 - Grants for Agricultural Research, Special Research Grants  
 CFDA 10.203 - Payments to Agricultural Experiment Stations under Hatch Act  
 CFDA 10.206 - Grants for Agricultural Research-Competitive Research Grants  
 CFDA 93.103 - Food and Drug Administration-Research

The number and type of audit findings, inadequate policies and procedures, and untrained staff result in the conclusion that the control environment over research and development programs should be strengthened at the Experiment Station.

Initial Year Written: 1998  
 Status: Other

U.S. Department of  
 Agriculture

U.S. Department of Health  
 and Human Services

**Corrective Action:**

Due to the implementation date of other prior year statewide audit findings, we are only able to conduct follow-up on a portion of this finding - this finding was based in part on the occurrence of the other findings. Therefore, additional follow-up and the final determination of the complete resolution of this finding will be necessary during the fiscal year 2001 statewide audit.

Reference No. 99-555-75

**Obtain Certifications for Suspension/Debarment**

CFDA 10.001 - Agricultural Research-Basic and Applied Research  
 CFDA 10.200 - Grants for Agricultural Research, Special Research Grants  
 CFDA 10.203 - Payments to Agricultural Experiment Stations under Hatch Act  
 CFDA 10.206 - Grants for Agricultural Research-Competitive Research Grants

The Experiment Station does not obtain required certifications from vendors indicating that they have not been suspended or debarred from doing business with the federal government.

Initial Year Written: 1998  
 Status: Partially Implemented

U.S. Department of  
 Agriculture

This finding was reissued as current year reference number: 01-555-28.

**Corrective Action:**

*TAES has written procedures in place for monitoring vendor suspension/debarment. These procedures were reviewed by the State Auditor's Office during the most recent follow up audit. These procedures are based on the requirements in FAR 9.104-3(b) and Subpart 42.15, OMB Circulars A-133, A-110, and A-21. Monitoring is performed via internet web sites maintained by the federal government on companies.*

Reference No. 99-555-77

**Comply With Period of Availability Requirements**

CFDA 10.156 - Federal-State Marketing Improvement Program

The Experiment Station is not in compliance with federal period of availability requirements.

Initial Year Written: 1998  
 Status: Implemented

U.S. Department of  
 Agriculture

**Corrective Action:**

Corrective action was taken.

Reference No. 99-555-72

**Obtain Proper Payroll Approval****CFDA 10.206 - Grants for Agricultural Research-Competitive Research Grants**

The Experiment Station is not obtaining proper payroll authorizations for employees funded by the federal research and development awards.

Initial Year Written:	1998
Status:	Implemented
U.S. Department of Agriculture	

Corrective Action:

Corrective action was taken.

**Texas Engineering Experiment Station**

Reference No. 99-555-66

**Improve Controls Over Subrecipient Monitoring**

CFDA 12.431 - Basic Scientific Research  
 CFDA 12.800 - Air Force Defense Research Sciences Program  
 CFDA 43.001 - Aerospace Education Services Program  
 CFDA 47.049 - Mathematical and Physical Sciences  
 CFDA 47.076 - Education and Human Resources  
 CFDA 81.049 - Basic Energy Sciences - University and Science Education

Texas Engineering Experiment Station (Experiment Station) should strengthen controls over its subrecipient monitoring function.

Initial Year Written:	1998
Status:	Implemented
U.S. Department of Defense	
National Aeronautics and Space Administration	
National Science Foundation	
U.S. Department of Energy	

Corrective Action:

Corrective action was taken.

**Texas Southern University**

Reference No. 96-042-3

**Ensure That All Students Are Maintaining Satisfactory Academic Progress**

(Prior Audit Issue – 4-046)

CFDA 84.032 - Federal Family Education Loans  
 CFDA 84.063 - Federal Pell Grant Program

Texas Southern University (University) is not ensuring that all recipients of the *Federal Pell Grant Program*, *Federal Family Education Loans* program and other federal financial assistance programs are maintaining satisfactory academic progress.

Initial Year Written:	1993
Status:	Other
U.S. Department of Education	

Corrective Action:

Due to the timing of the implementation, we are unable to follow-up on this finding. It will be followed up on next year.

Reference No. 96-042-5

**Obtain Financial Aid Transcripts**

(Prior Audit Issue – 4-046)

**CFDA 84.032 - Federal Family Education Loans**

The University is not obtaining financial aid transcripts for all transfer students who receive federal financial assistance.

Initial Year Written:	1993
Status:	Implemented
U.S. Department of Education	

Corrective Action:

Corrective action was taken.

Reference No. 98-337-9

**Submit a Default Management Plan to the Secretary of the U.S. Department of Education for Approval**

(Prior Audit Issue - 96-042-09, 4-046)

**CFDA 84.032 - Federal Family Education Loans**

The University has not received approval from the Secretary of the U.S. Department of Education for its current default management plan for the *Federal Family Education Loans* program (CFDA 84.032).

Initial Year Written:	1993
Status:	Implemented
U.S. Department of Education	

Corrective Action:

Corrective action was taken.

Reference No. 99-555-54

**Correct Material Weakness in Student Financial Aid Administration**

(Prior Audit Issue - 98-337-01, 96-042-01, 4-046)

**CFDA 84.007 - Supplemental Educational Opportunity Grants****CFDA 84.032 - Federal Family Education Loans****CFDA 84.033 - Federal Work-Study Program****CFDA 84.063 - Federal Pell Grant Program**

The material weakness continues to exist in the administration of Student Financial Aid at the University.

Initial Year Written:	1993
Status:	Implemented
U.S. Department of Education	

Corrective Action:

Corrective action was taken.



Reference No. 99-555-69

**Strengthen the Control Environment Over Payroll****CFDA Not Available - University Was Unable to Identify Research and Development CFDA's.**

A material weakness exists in payroll. The University's policies, procedures, and supporting documentation for processing payroll are not adequate and do not provide sufficient assurance that payroll expenditures are supported or accurate. Without payroll policies, procedures, and supporting documentation, there is no assurance that payroll charges to R&D federal programs are allowable. The University is unable to identify payroll expenditures charged to research and development (R&D) awards.

Initial Year Written:	1998
Status:	Partially Implemented
Unable to identify	

This finding was reissued as current year reference number: 01-555-42.

**Corrective Action:**

*Strengthen the Control Environment over Payroll - Management is in the process of reviewing policies and procedures as it relates to the proper administration of its payroll function. All required documents to process payroll will be identified to ensure proper documentation for all payroll actions. Human Resources has distributed instructions for the completion of personnel action forms to Faculty and Staff to ensure that all personnel action forms are properly completed.*

*Implementation Date:       October 31, 1999*

*Responsible Person:       Director, Human Resources*

*Time Sheets Do Not Reflect Employees Efforts -The University has established a formal Time and Effort reporting system since Fall 1998. The National Institute of Health (NIH) has performed an audit of the time and effort reporting system in April 1999, but has not yet provided a response to the university.*

*Implementation Date:       September 1, 1998*

*Responsible Person:       Dean of Graduate Studies*

*Actual Expenditures Exceeded Federally Approved Expenditures - Management has implemented monitoring procedures to ensure that actual expenditures will not exceed the federally approved limits. Before budget transfer requests are processed, they are verified against applicable program guidelines by the Grants and Contracts staff to ensure that proposed transactions are allowable. In addition, Principal Investigator's signature is required on all transfer requests.*

*Responsible Person:       Director, Grants and Contracts*

*University Supplemental Salary Policy Not Followed - The University's Management has revised its Supplemental Salary policy to ensure compliance with federal cost requirements (OMB Circular A-21). In addition, Human Resources and Grants and Contracts will ensure that accurate and complete supporting documentation is available for each individual authorized to receive supplemental salary. Supplemental salaries for faculty members will no longer be paid using federal funds.*

*Implementation Date:       July 31, 1999*

*Responsible Person:       Director, Human Resources*

*Incomplete R&D Award Files - Management has developed a checklist to identify all required documents to be maintained in each sponsored program folder. The Grants and Contracts Office is in the process of reviewing each sponsored program folder to ensure that the required documents are being maintained for each program.*

*Implementation Date: October 15, 1999*

*Responsible Person: Director, Grants and Contracts*

Reference No. 99-555-96

### **Do Not Charge Supplemental Salary to Federal Programs**

**CFDA Not Available - University Was Unable to Identify Research and Development CFDA's.**

The University policy on supplemental salaries is not in compliance with federal cost requirements, which has resulted in questioned costs of \$136,617.

This finding was reissued as current year reference number: 01-555-42.

Initial Year Written:	1998
Status:	Partially Implemented
Unable to identify	

#### Corrective Action:

*Management has implemented a new supplemental salary policy as of July 8, 1999, which prohibits the payments of supplemental salaries with federal awards. Additionally, Internal Audit now reviews supplemental pay requests.*

Reference No. 99-555-34

### **Calculate Salary in Compliance With Federal Guidelines**

**CFDA Not Available - University Was Unable to Identify Research and Development CFDA's.**

The University did not ensure that all salaries were appropriately calculated.

Initial Year Written:	1998
Status:	Implemented
Unable to identify	

#### Corrective Action:

Corrective action was taken.

Reference No. 99-555-87

### **Maintain Optional Authorization Documentation**

(Prior Audit Issue - 98-337-08, 96-042-13, 4-046)

**CFDA 84.032 - Federal Family Education Loans**

**CFDA 84.063 - Federal Pell Grant Program**

The University is not providing all recipients of the *Federal Pell Grant Program* or *Federal Family Education Loans* program the option to authorize or disapprove the use of their loan proceeds to cover non-tuition or fee obligations.

Initial Year Written:	1993
Status:	Implemented
U.S. Department of Education	

#### Corrective Action:

Corrective action was taken.

Reference No. 99-555-86

**Maintain Copies of the Student Status Confirmation Reports**

(Prior Audit Issue - 98-337-06, 96-042-11, 4-046)

**CFDA 84.032 - Federal Family Education Loans**

The University is not maintaining copies of the Student Status Confirmation Report (SSCR) for three years as required for the *Federal Family Education Loans* program.

Initial Year Written:	1993
Status:	Implemented
U.S. Department of Education	

Corrective Action:

Corrective action was taken.

Reference No. 99-555-85

**Strengthen Controls Over Receipt of Law Access Loans Proceeds**

(Prior Audit Issue - 98-337-02, 96-042-02, 4-046)

**CFDA 84.032 - Federal Family Education Loans**

The University should strengthen controls over the receipt of Law Access loan proceeds for the *Federal Family Education Loans* program.

Initial Year Written:	1993
Status:	Implemented
U.S. Department of Education	

Corrective Action:

Corrective action was taken.

Reference No. 99-555-88

**Maintain Complete and Accurate Student Files**

(Prior Audit Issue - 98-337-05, 96-042-07, 4-046)

**CFDA 84.032 - Federal Family Education Loans**

**CFDA 84.063 - Federal Pell Grant Program**

The University is not adequately maintaining complete and accurate student files for the *Federal Family Education Loans* program.

Initial Year Written:	1993
Status:	Implemented
U.S. Department of Education	

Corrective Action:

Corrective action was taken.

**University of Houston - Clear Lake**

Reference No. 00-555-11

**Report Pell Payment Data in a Timely Manner****CFDA 84.063 - Federal Pell Grant Program**

The University of Houston – Clear Lake (University) is not reporting payment data for the *Federal Pell Grant Program* to the U.S. Department of Education (Department) as required. The University failed to report data in a timely manner for all 15 students tested for both the Fall and Spring semesters. Pell payment data reports were only submitted three times during fiscal year 1999. This schedule does not ensure that all data is reported within 30 days of when payments are made or adjustments are identified. In addition, the University does not have any written policies and procedures regarding the submission of payment data to the Department. Failure to properly report all payment data could result in the submission of inaccurate data to the Department.

Initial Year Written:	1999
Status:	Other
U.S. Department of Education	

**Corrective Action:**

Due to the timing of the implementation date, we were unable to follow up on this finding. It will be followed up on a later date. Written policies and procedures were implemented to help ensure adherence to the Pell data submission requirements. Pell data is now being submitted at least every 30 calendar days.

**The University of Texas at Brownsville**

Reference No. 98-343-4

**Maintain Enrollment Status Information****CFDA 84.032 - Federal Family Education Loans**

The University of Texas at Brownsville is not maintaining documentation regarding enrollment changes for the required five years for the *Federal Family Education Loans* program.

Initial Year Written:	1997
Status:	Implemented
U.S. Department of Education	

**Corrective Action:**

Corrective action was taken.

## The University of Texas at El Paso

Reference No. 00-555-28

### Develop Policies and Procedures for Federal Programs

CFDA - All Research and Development CFDA's

CFDA 84.063 - Federal Pell Grant Program

The University of Texas at El Paso (University) does not have adequate written policies and procedures for all federal compliance areas.

Initial Year Written: 1999  
Status: Other

U.S. Department of  
Education

#### Corrective Action:

Due to the timing of the implementation date, we were unable to follow up on this finding. It will be followed up on next year.

Reference No. 00-555-7

### Report Enrollment Changes in a Timely Manner

CFDA 84.032 - Federal Family Education Loans

As previously reported in fiscal years 1989 and 1992, the University is not reporting all enrollment changes in a timely manner for the *Federal Family Education Loans* program. For 14 of 19 student records tested (73.68 percent), the University did not report the changes within the required time frame. The changes were reported anywhere from 70 days to 139 days after the effective change date. Enrollment changes occur when a student graduates, withdraws, drops classes, or is expelled. The University's continued noncompliance with this requirement may result in delayed repayment of federal loans.

Initial Year Written: 1999  
Status: Other

U.S. Department of  
Education

#### Corrective Action:

Due to the timing of the implementation date, we were unable to follow up on this finding. It will be followed up on a later date. The agreement between UT El Paso and the National Student Loan Clearing House to produce Student Status Confirmation Reports to the National Student Loan Data System has been revised to reflect monthly enrollment reports.

Reference No. 00-555-24

### Strengthen Controls Over Equipment

CFDA 12.630 - Basic, Applied, and Advanced Research in Science and Engineering

CFDA 17.246 - Employment and Training Assistance - Dislocated Workers

CFDA 47.049 - Mathematical and Physical Sciences

CFDA 47.070 - Computer and Information Science and Engineering

CFDA 47.076 - Education and Human Resources

The University should strengthen controls over equipment to ensure compliance with federal requirements. Our testing indicated that:

Two of 25 (8 percent) items inventoried could not be located. One item was noted to be at the home of the principal investigator of the related award, but we found

Initial Year Written: 1999  
Status: Other

U.S. Department of Labor  
National Science Foundation  
U.S. Department of Defense

no evidence that supported approval of this action. The other item may have been disposed, but no evidence was provided to support this action. As a result, the University cannot ensure that the items are being used for the federal programs as intended, or that they were disposed of as required. The inability to locate equipment could result in questioned costs.

Three of 25 (12 percent) items were not properly tagged. When equipment is not properly tagged, the University cannot ensure that it will be identified as equipment for federal purposes.

Corrective Action:

Due to the timing of the implementation date, we were unable to follow up on this finding. It will be followed up on next year.

Reference No. 00-555-30

**Strengthen Controls to Ensure Compliance With Procurement Requirements**

CFDA 47.076 - Education and Human Resources

CFDA 84.303 - Local Innovation - Challenge Grants for Technology in Education

The University does not have adequate controls to ensure compliance with federal procurement requirements.

Initial Year Written:	1999
Status:	Implemented
National Science Foundation	
U.S. Department of Education	

Corrective Action:

Corrective action was taken.

Reference No. 00-555-8

**Recalculate Pell Grant Awards if Expected Family Contribution Changes**

CFDA 84.063 - Federal Pell Grant Program

The University is not always recalculating all Federal Pell Grant (Pell) awards when a change in expected family contribution (EFC) occurs. One of 19 student files tested (5.26 percent) showed that the student was over-awarded with institutional funds for Pell reimbursement. However, the over-award did not result in any questioned costs to the federal government.

Initial Year Written:	1999
Status:	Other
U.S. Department of Education	

Corrective Action:

Due to the timing of the implementation date, we were unable to follow up on this finding. It will be followed up on a later date. Discrepancy reports are reviewed by the Assistant Director for Client Services and exceptions are researched and resolved on a monthly basis.

Reference No. 00-555-9

**Maintain Documentation of Pell Payment Data Submitted to U.S. Department of Education****CFDA 84.063 - Federal Pell Grant Program**

The University is not maintaining necessary documentation to support the reporting of all Pell payment data to the U.S. Department of Education for the *Federal Pell Grant Program*. As a result, we were unable to ensure that the University reported the student payment data as required.

Initial Year Written:	1999
Status:	Implemented
U.S. Department of Education	

**Corrective Action:**

Corrective action was taken.

Reference No. 00-555-27

**Strengthen Controls Over Personnel Effort Reports****CFDA 43.002 - Technology Transfer**

The University does not ensure that personnel effort reports (certification of an employee's percentage of time and effort for a related project, or "PER") are completed as required for employees working on federal research and development projects.

Initial Year Written:	1999
Status:	Implemented
National Aeronautics and Space Administration	

**Corrective Action:**

Corrective action was taken.

Reference No. 00-555-29

**Strengthen Controls Over Obtaining Certification for Suspension/Debarment****CFDA 43.002 - Technology Transfer****CFDA 47.076 - Education and Human Resources****CFDA 84.303 - Local Innovation - Challenge Grants for Technology in Education**

The University does not properly ensure that vendors who receive \$100,000 or more for approved transactions have not been suspended or debarred.

This finding was reissued as current year reference number: 01-555-10.

**Corrective Action:**

*All purchase orders utilizing Federal funds are stamped with a certification statement that states the bidder is not ineligible to receive an award due to debarment, suspension, etc. This is part of the purchase order and/or contract.*

Initial Year Written:	1999
Status:	Partially Implemented
National Aeronautics and Space Administration	
National Science Foundation	
U.S. Department of Education	

## The University of Texas at San Antonio

Reference No. 00-555-15

### Perform Reconciliations for Pell Grants

#### CFDA 84.063 - Federal Pell Grant Program

The University of Texas at San Antonio (University) has not performed reconciliations for its *Federal Pell Grant Program* (Pell) awards. As a result, the University's fiscal year 1998-1999 accounting records do not agree with the U.S. Department of Education's (Department) records as indicated by the following:

Initial Year Written:	1999
Status:	Other
U.S. Department of Education	

The University's accounting records indicated Pell disbursements of \$9,837,665.45. The Financial Aid Office's student records system (NATISIS) indicated Pell disbursements of \$9,756,180.79. The Student Payment Summary from the U.S. Department of Education, dated December 8, 1999, indicated total Pell payments of \$9,526,056.00.

In addition, our review indicated that reconciliations were not performed for fiscal year 1997-1998.

#### Corrective Action:

Due to the timing of the implementation date, we were unable to follow up on this finding. It will be followed up on a later date. A special team has completed the comparison of all student disbursement records with NATISIS, DEFINE, and the Federal Pell Grant Disbursement System. A preliminary schedule of differences has been prepared. The Director of SFA will have to report and resolve any differences with accounting reports at UTSA.

Reference No. 99-555-9

### Maintain Enrollment Changes Documentation

#### CFDA 84.032 - Federal Family Education Loans

The University is not maintaining copies of the Student Status Confirmation Report (SSCR) for three years as required for the *Federal Family Education Loans* program. As a result, no testing could be conducted on enrollment changes to determine if the changes had been reported correctly and within the required timeframe.

Initial Year Written:	1998
Status:	Other
U.S. Department of Education	

#### Corrective Action:

Due to the timing of the implementation date, we were unable to follow up on this finding. It will be followed up on a later date. Initial steps were taken to back-up computer files submitted to the U.S. Department of Education. There is now a new system in place to confirm submissions. All changes submitted by UTSA are updated to the National Student Loan Data System under the direction of the U.S. Department of Education.



Reference No. 99-555-7

**Report Pell Payment Data to U.S. Department of Education Within 30 Days****CFDA 84.063 - Federal Pell Grant Program**

The University is not maintaining necessary documentation to support the reporting of all Pell payment data to the to the U.S. Department of Education for the *Federal Pell Grant Program*.

Initial Year Written:	1998
Status:	Other
U.S. Department of Education	

**Corrective Action:**

Due to the timing of the implementation date, we were unable to follow up on this finding. It will be followed up on a later date. The Office of Student Financial Aid completed the full implementation of the RFMS procedures. A new automated system was developed by the University to monitor the status of all disbursement and to transmit them each month.

Reference No. 99-555-8

**Properly Verify Accuracy of Student Applications****CFDA 84.032 - Federal Family Education Loans**

The University is not properly verifying application information for *Federal Family Education Loans* program applicants selected by the U.S. Department of Education.

Initial Year Written:	1998
Status:	Other
U.S. Department of Education	

**Corrective Action:**

Due to the timing of the implementation date, we were unable to follow up on this finding. It will be followed up on a later date. The automated verification system was implemented for the 2000-2001 Award year and has been in full use since January 2000.

Reference No. 99-555-6

**Distribute Loan Proceeds at Prescribed Times****CFDA 84.032 - Federal Family Education Loans**

The University is not ensuring that loan proceeds are distributed to students at the prescribed time for the *Federal Family Education Loans* program.

Initial Year Written:	1998
Status:	Other
U.S. Department of Education	

**Corrective Action:**

Due to the timing of the implementation date, we were unable to follow up on this finding. It will be followed up on a later date. The Office of Student Financial Aid has completed the process of updating the check disbursement procedures so that the Office does not request checks more than 10 days before each semester.

## The University of Texas Health Science Center at San Antonio

Reference No. 99-555-84

### Report Enrollment Changes in a Timely Manner

#### CFDA 84.032 - Federal Family Education Loans

The University of Texas Health Science Center at San Antonio (University) is not reporting all enrollment changes for the *Federal Family Education Loans* program to the guarantor, lender, or U.S. Department of Education.

Initial Year Written: 1998  
Status: Partially Implemented

U.S. Department of  
Education

#### Corrective Action:

*Management has confirmed that we are participating with the National Student Loan Data System (NSLDS) and we are reporting to the National Clearinghouse in a timely fashion. However, the Student Status Confirmation Report (SSCR) dates established for reporting did not follow the recommended guidelines.*

*We have corrected the SSCR cycle to the recommended schedule of January, March, May, July, September, and November. This schedule, a report every 60 days, ensures that the enrollment information is sent to the NSLDS within the federally required reporting period (also 60 days).*

## The University of Texas Medical Branch at Galveston

Reference No. 00-555-40

### Limit Expenditures to Allowable Costs

#### CFDA 93.824 - Area Health Education Centers

The University of Texas Medical Branch at Galveston (University) does not have adequate controls over expenditures to ensure that only allowable costs are charged to federal research and development awards.

Initial Year Written: 1999  
Status: Other

U.S. Department of Health  
and Human Services

#### Corrective Action:

Due to the timing of the implementation date, we were unable to follow up on this finding. It will be followed up on next year.

Reference No. 00-555-5

### Strengthen Controls Over Equipment

#### CFDA 93.393 - Cancer Cause and Prevention Research

#### CFDA 93.837 - Heart and Vascular Diseases Research

#### CFDA 93.847 - Diabetes, Endocrinology and Metabolism Research

The University should strengthen controls over equipment to ensure compliance with federal requirements.

Initial Year Written: 1999  
Status: Other

U.S. Department of Health  
and Human Services

Corrective Action:

Due to the timing of the implementation date, we were unable to follow up on this finding. It will be followed up on next year.

Reference No. 00-555-37

**Implement Controls Over Suspension and Debarment Requirements**

CFDA 45.130 - Promotion of the Humanities – Challenge Grants

CFDA 93.393 - Cancer Cause and Prevention Research

CFDA 93.824 - Area Health Education Centers

CFDA 93.856 - Microbiology and Infectious Diseases Research

The University does not have controls in place to ensure that vendors who receive \$100,000 or more for approved transactions or subrecipients have not been suspended or debarred. For two vendors and three subrecipients tested, the University did not have required certifications. As a result, the University may be doing business with vendors and subrecipients who are suspended or debarred by the federal government.

Initial Year Written: 1999  
Status: Other

National Foundation on the  
Arts and Humanities

U.S. Department of Health  
and Human Services

Corrective Action:

Due to the timing of the implementation date, we were unable to follow up on this finding. It will be followed up on next year.

## The University of Texas M.D. Anderson Cancer Center

Reference No. 99-555-71

**Strengthen Controls Over Subrecipient Single Audit Desk Reviews**

CFDA 12.420 - Military Medical Research and Development

CFDA 12.910 - Research and Technology Development

CFDA 93.113 - Biological Response to Environmental Health Hazards

CFDA 93.279 - Drug Abuse Research Programs

CFDA 93.306 - Comparative Medicine

CFDA 93.393 - Cancer Cause and Prevention Research

CFDA 93.395 - Cancer Treatment Research

CFDA 93.396 - Cancer Biology Research

CFDA 93.399 - Cancer Control

CFDA 93.847 - Diabetes, Endocrinology and Metabolism Research

CFDA 93.894 - Resource and Manpower Development in Environmental Health Sciences

The University of Texas M.D. Anderson Cancer Center (Cancer Center) does not have adequate controls to reasonably ensure that subrecipients obtain required audits, that they resolve audit findings, or that they take corrective actions to address audit findings. The Cancer Center also does not evaluate the effect that subrecipient noncompliance has on its ability to comply with federal regulations.

Initial Year Written: 1998  
Status: Implemented

U.S. Department of Defense

U.S. Department of Health  
and Human Services

Corrective Action:

Corrective action was taken.

Reference No. 99-555-70

**Strengthen Controls Over Suspension and Debarment Certificates for Vendors****CFDA 93.393 - Cancer Cause and Prevention Research**

The Cancer Center does not verify that vendors who receive \$100,000 or more for approved transactions have been neither suspended nor debarred.

Initial Year Written: 1998  
Status: Implemented

U.S. Department of Health  
and Human Services

**Corrective Action:**

Corrective action was taken.

**Texas Workforce Commission**

Reference No. 00-555-4

**Improve Oversight of Local Workforce Boards**

(Prior Audit Issue - 99-555-59)

**CFDA 17.246 - Employment and Training Assistance - Dislocated Workers****CFDA 17.250 - Job Training Partnership Act****CFDA 93.558 - Temporary Assistance for Needy Families****CFDA 93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund**

An audit report released in August 1999 (*An Audit Report on Welfare Reform Implementation at the Texas Workforce Commission*, SAO Report No. 99-051) identified some concerns at the Texas Workforce Commission (Commission) regarding the oversight of the local Workforce Boards. Although the audit focused on the *Temporary Assistance for Needy Families* (TANF) program, some of the issues relate to other federal programs.

Initial Year Written: 1998  
Status: Implemented

U.S. Department of Labor

U.S. Department of Health  
and Human Services

**Corrective Action:**

Corrective action was taken.

Reference No. 00-555-3

**Improve Processes for Financial Reporting****CFDA 93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund**

The Commission makes numerous manual adjustments to the automated accounting system information in order to prepare the federal expenditure reports for *Child Care Mandatory and Matching Funds of the Child Card and Development Fund*. These adjustments are not always recorded in the Commission's automated accounting system.

Initial Year Written: 1999  
Status: Implemented

U.S. Department of Health  
and Human Services

**Corrective Action:**

Corrective action was taken.

Reference No. 00-555-35

**Comply With Cash Management Requirements**

(Prior Audit Issue - 99-555-61)

CFDA 17.246 - Employment and Training Assistance - Dislocated Workers

CFDA 17.250 - Job Training Partnership Act

CFDA 93.558 - Temporary Assistance for Needy Families

CFDA 93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund

The Commission does not have adequate controls in place to ensure compliance with cash management requirements. Two calculations used to determine the State's interest liability for programs using the pre-issuance funding technique were incorrect.

Initial Year Written:	1998
Status:	Implemented

U.S. Department of Labor

U.S. Department of Health  
and Human Services

Corrective Action:

Corrective action was taken.

Reference No. 00-555-36

**Ensure Federal Funds Reported Are Accurate**

CFDA 93.596 - Child Care Mandatory and Matching Funds of the Child Care and Development Fund

The Commission underreported the *Child Care Mandatory and Matching Funds of the Child Card and Development Fund* funds received by \$127.5 million on the Cash Management Improvement Act (CMIA) Annual Report submitted to the Comptroller of Public Accounts (Comptroller). The Comptroller uses the report information to calculate the State's interest obligation to the federal government for programs using the pre-issuance funding technique.

Initial Year Written:	1999
Status:	Implemented

U.S. Department of Health  
and Human Services

Corrective Action:

Corrective action was taken.